

January 31, 2003

Ms. Joan Foster Evans  
Commonwealth of Massachusetts  
Department of Telecommunications & Energy  
One South Station  
Boston, MA 02110

Dear Ms. Evans:

The enclosed materials are being filed pursuant to Verizon Communications, Inc.'s ("Verizon") obligations under the Performance Assurance Plan Verizon Massachusetts (the "PAP") in Section K, Paragraph 3 to obtain an independent examination of its compliance with the PAP. The accompanying material includes:

- Report of Management on Compliance with the Performance Assurance Plan Verizon Massachusetts for the period from May 1, 2002 through May 31, 2002
- Report of Independent Accountants on the Report of Management on Compliance with the Performance Assurance Plan Verizon Massachusetts for the period from May 1, 2002 through May 31, 2002.

These examination reports are to be made publicly available. Therefore, their distribution is not limited.

Very truly yours,

*PricewaterhouseCoopers LLP*  
PricewaterhouseCoopers LLP

Enclosures



**Report of Management on Compliance with the  
Performance Assurance Plan Verizon Massachusetts**  
January 31, 2003

Management of Verizon Communications Inc. ("Verizon") is responsible for ensuring that Verizon complies with the conditions set forth in the Performance Assurance Plan Verizon Massachusetts.

Management has performed an evaluation of Verizon's compliance with the requirements of the Performance Assurance Plan Verizon Massachusetts for the period from May 1, 2002 through May 31, 2002 (the "Evaluation Period"). Based on this evaluation, we assert that Verizon concludes it has complied with all requirements of the Performance Assurance Plan Verizon Massachusetts, except as noted below. As summarized below, Verizon provides further information regarding compliance with the Performance Assurance Plan Verizon Massachusetts.

Verizon complied with the requirements of the conditions of the Performance Assurance Plan Verizon Massachusetts. In particular, Verizon carried out the following activities:

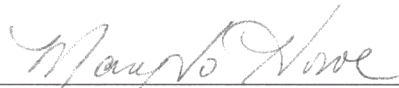
- a. On August 26, 2002, Verizon provided the Massachusetts Department of Telecommunications and Energy and all CLECS providing service in Massachusetts with the required monthly final performance reports for May 2002 as described in section G of the Performance Assurance Plan Verizon Massachusetts. Such performance measurement data were based on information contained in the operating support systems used by Verizon for pre-order, order, provisioning, maintenance and repair, network performance and billing. This information is then used to calculate the performance measurement data in accordance with the performance measurement business rules as defined in the Massachusetts Performance Assurance Plan. Verizon's application of these performance measurement business rules and calculation of performance measurement data is complete and accurate. In addition, where manual processes were used to enter information into the underlying operating support systems relating to missed appointment codes, completion dates, application dates and times, appointment type codes, notification dates, disposition codes, trouble cleared date and time, and out of service indicators, such manually entered information were complete and accurate with the exception of the following items:

The PO-4-01 "% Change Management Notices Sent on Time" measurement calculation did not include all change management notices and confirmations.

The PR-6-01 “% Installation Troubles within 30 days” measure included repeat troubles, resulting in an overstatement of the Retail Specials numerator.

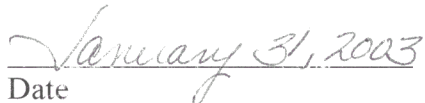
The MR-5-01 “ % Repeat Reports within 30 days” measure for UNE Specials did not include repeat troubles when an initial report had a Customer Premise Equipment (CPE) disposition code.

- b. Within 30 days of the close of the second month after the month in which performance was reviewed, Verizon processed the appropriate PAP credits for facility based and non-facility based CLECs.
- c. The Company does not exclude Complex Resale Orders from the OR-4-09 “% SOP to Bill Completion within 3 Business Days” measure because these orders are not defined by the PAP.



Mary Jo Howe

Vice President – Wholesale Compliance

  
Date

Report of Independent Accountants

To the Board of Directors of Verizon Communications Inc. and  
the Massachusetts Department of Telecommunications and Energy:

We have examined Verizon Communications Inc.'s (the "Company") compliance with the requirements set forth in the Performance Assurance Plan Verizon Massachusetts (the "PAP") during the period from May 1, 2002 through May 31, 2002 (the "Evaluation Period"), and management's assertion, included in the accompanying Report of Management on Compliance with the Performance Assurance Plan Verizon Massachusetts (the "Assertion"), that the Company complied with the PAP during the Evaluation Period, except as noted herein. Management is responsible for the Company's compliance with the PAP. Our responsibility is to express an opinion on the Company's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Company's compliance with the requirements of the PAP and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with specified requirements.

As required by the PAP, the Company calculates and processes CLEC bill credits based on actual performance measurement scores. Such CLEC bill credits are required to be processed within thirty days of the close of the second month after the performance data month. Accordingly, our examination included the testing of CLEC bill credits related to the Company's performance measurements for the month of May 2002, which were processed by August 30, 2002. Under certain circumstances, the PAP requires the use of multiple months of performance measurement data to calculate the CLEC bill credits. In these circumstances, our examination did not include performing procedures on the performance measurement data reported by the Company for months other than May 2002.

The OR-4-09 ordering performance measurement business rules, outlined in Appendix H of the PAP, require the exclusion of Complex Resale Orders in the calculation of this performance measurement. The Company has informed us that it is unable to apply this exclusion criteria due to the fact that Complex Resale Orders are not defined under the PAP. Accordingly, we are unable to make an assessment of the impact of this matter on the Company's compliance with the PAP.

Our examination disclosed the following instances of material noncompliance with the PAP applicable to the Company during the Evaluation Period:

- i. The PO-4-01 "% Change Management Notices Sent on Time" measurement calculation did not include all change management notices and confirmations.

- ii. The PR-6-01 “% Installation Troubles within 30 days” measure included repeat troubles, resulting in an overstatement of the Retail Specials numerator.
- iii. The MR-5-01 “%Repeat Reports within 30 days” measure for UNE Specials did not include repeat troubles when an initial report had a Customer Premise Equipment disposition code.

In our opinion, except for the performance measurement data for months other than May 2002 as discussed in the third paragraph, the instances of material non-compliance as discussed in the fifth paragraph, and considering the uncertainty as discussed in the fourth paragraph, the Company complied, in all material respects, with the requirements set forth in the PAP during the Evaluation Period.

This report is intended solely for the information and use of the Company and the Massachusetts Department of Telecommunications and Energy and is not intended to be and should not be used by anyone other than these specified parties. However, the report is a matter of public record and its distribution is not limited.

*PricewaterhouseCoopers LLP*

January 31, 2003